



POLICE AND FIRE
INVESTMENT COMMITTEE
OF THE
CITY OF DETROIT

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**MINUTES
SPECIAL MEETING NO. 004
MEETING OF THE POLICE AND FIRE RETIREMENT SYSTEM
INVESTMENT COMMITTEE
THURSDAY, DECEMBER 22, 2016**

A SPECIAL MEETING OF THE INVESTMENT COMMITTEE OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT WAS HELD ON **THURSDAY, DECEMBER 22, 2016** (VIA TELECONFERENCE) IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS, ONE DETROIT CENTER, 500 WOODWARD AVENUE, 30TH FLOOR, SUITE 3000, DETROIT, MICHIGAN 48226

ROLL CALL:

CHAIRMAN **ROBERT SMITH** CALLED THE MEETING TO ORDER AT **2:02 P.M.** A QUORUM BEING PRESENT, ATTENDANCE WAS TAKEN BY RECORDING SECRETARY **JANET LENEAR**, AND THE FOLLOWING COMMITTEE MEMBERS WERE PRESENT: JOSEPH BOGDAHN, MARK DIAZ, ROBERT SMITH (CHAIRMAN), REBECCA SORENSEN, GREGORY TROZAK, JOHN TUCKER, WOODROW TYLER AND MCCULLOUGH WILLIAMS, III (VICE CHAIRMAN)

ALSO PRESENT AT ROLL CALL:

CHIEF INVESTMENT OFFICER RYAN C. BIGELOW, INVESTMENT OFFICER MICHAEL KRUSHENA, RECORDING SECRETARY JANET LENEAR AND GENERAL COUNSEL RONALD A. KING

EXCUSED:

EXECUTIVE DIRECTOR CYNTHIA A. THOMAS AND ASSISTANT EXECUTIVE DIRECTOR DAVID CETLINSKI

MOTION #1 - 12-22-16: DECEMBER 22, 2016 AGENDA APPROVAL

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER TYLER: TO APPROVE TODAY'S DECEMBER 22, 2016 AGENDA AS PREPARED AND DISTRIBUTED BY THE COMMITTEE'S RECORDING SECRETARY. THE MOTION PASSED UNANIMOUSLY.

PLANTE MORAN

THE COMMITTEE DISCUSSED THE SYSTEM'S AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2016 WITH PLANTE MORAN REPRESENTATIVES **MICHELLE WATTERWORTH, SPENCE TAWA AND ALI HIJAZI**, AS WELL AS UHY REPRESENTATIVES **MARLENE BEACH AND JOHN PEPPERMAN**. AMONG THE TOPICS DISCUSSED WERE:

INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN AUDIT (TRIAL BALANCE REVIEW/YEAR-END JOURNAL ENTRIES; PREPARATION AND REVIEW OF BANK RECONCILIATIONS; FIRST INDEPENDENCE BANK; CENSUS DATA AND ACTUARIAL REPORTING; MEMBER CONTRIBUTION REFUNDS; AND BANK ACCOUNTS ASSOCIATED WITH ALTERNATIVE INVESTMENTS).

COMMITTEE MEMBER **SEAN P. NEARY** ATTENDED THE MEETING.

REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE (SCOPE AND TIMING OF AUDIT; AND ACCOUNTING PRACTICES).

OTHER RECOMMENDATIONS AND RELATED INFORMATION (INFORMATION TECHNOLOGY PROCESSES; BENEFIT PAYMENT CALCULATIONS; AND CONTRIBUTIONS RECEIVED FROM THE CITY OF DETROIT).

~CONCLUDES PLANTE MORAN'S PRESENTATION~

MOTION #2 - 12-22-16: RECOMMENDATION TO PFRS BOARD WITH RESPECT TO SIGNING AUTHORITY AT FIRST INDEPENDENCE BANK

MOVED BY COMMITTEE MEMBER BOGDAHN - SECONDED BY COMMITTEE MEMBER TYLER: THAT AS A RECOMMENDATION TO THE BOARD WITH RESPECT TO FIRST INDEPENDENCE BANK INSTRUCTION, THE COMMITTEE RECOMMENDS THAT THE PFRS BOARD ACCEPT ITS RECOMMENDATION AND PASS AN APPROPRIATE RESOLUTION REQUIRING THAT THERE BE THREE (3) AUTHORIZED SIGNATORIES WITH RESPECT TO THE FIB ACCOUNTS CONSISTING OF A COMBINATION OF THE EXECUTIVE DIRECTOR, THE ASSISTANT EXECUTIVE DIRECTORS, THE CHIEF INVESTMENT OFFICER AND THE INVESTMENT OFFICER AND THAT TWO (2) OF THE AUTHORIZED SIGNATORIES SHOULD SIGN FOR EACH INDIVIDUAL TRANSACTION. THE MOTION PASSED UNANIMOUSLY.

MOTION #3 – 12-22-16: SPECIAL REPORTING CERTIFICATION OF IC CHAIR

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER TUCKER: THAT CHAIRMAN SMITH EXECUTE THE "SPECIAL REPORTING CERTIFICATION OF THE CHAIR OF THE INVESTMENT COMMITTEE OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT" PURSUANT TO SPECIAL REPORTING OBLIGATIONS TO THE FOUNDATION FOR DETROIT'S FUTURE (THE "FOUNDATION") IMPOSED ON THE INVESTMENT COMMITTEE OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT ("PFRS"), AS REQUIRED BY THE EIGHTH AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT FILED OCTOBER 22, 2014 AND CONFIRMED BY ORDER ENTERED ON NOVEMBER 12, 2014 (THE "PLAN OF ADJUSTMENT"); THE COMBINED PLAN OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT, EFFECTIVE JULY 1, 2014, AS AMENDED AND RESTATED AS OF DECEMBER 8, 2014 (THE "COMBINED PLAN"); AND THE STATE CONTRIBUTION AGREEMENT ATTACHED TO THE PLAN OF ADJUSTMENT AS EXHIBIT I.A.332. THE MOTION PASSED UNANIMOUSLY.

PFRS AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

COMMITTEE MEMBER **BOGDAHN** ASKED THAT AT THE COMMITTEE'S FEBRUARY 6, 2017 MEETING, EXECUTIVE DIRECTOR **CYNTHIA A. THOMAS** BE PREPARED TO ADDRESS (IN WRITING/VERBALLY) ANY ISSUES/RECOMMENDATIONS CONTAINED IN PLANTE MORAN'S AUDIT OF THE SYSTEM'S FINANCIAL STATEMENTS AS OF JUNE 30, 2016.

LEGAL REPORT

GENERAL COUNSEL **RONALD A. KING** PROVIDED THE COMMITTEE WITH A BOOK CADILLAC HOTEL UPDATE, AND IT WAS SUGGESTED THAT EITHER STAN IZMAN (AMERICAN REALTY ADVISORS) OR GERALD TIMMIS (VALSTONE PARTNERS) EVALUATE (ANALYZE) SAID INVESTMENT. NO ACTION WAS TAKEN, HOWEVER, AND THIS MATTER WILL BE ADDRESSED AT A FUTURE MEETING.

~CONCLUDES LEGAL REPORT~

MOTION #4 – 12-22-16: INDEPENDENT COMMITTEE MEMBER RE-APPOINTMENT

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER WILLIAMS: THAT **REBECCA S. SORENSEN** BE RE-APPOINTED AN INDEPENDENT MEMBER OF THE INVESTMENT COMMITTEE FOR A SIX-YEAR PERIOD IN CONJUNCTION WITH PFRS GOVERNANCE TERMS. THE MOTION PASSED UNANIMOUSLY.

MOTION #5 – 12-22-16: APPROVAL OF PFRS AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

MOVED BY COMMITTEE MEMBER BOGDAHN – SECONDED BY COMMITTEE MEMBER WILLIAMS: THAT THE COMMITTEE APPROVE THE SYSTEM'S AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2016 AS PRESENTED BY THE SYSTEM'S AUDITORS PLANTE MORAN. THE MOTION PASSED UNANIMOUSLY.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS BEFORE THE INVESTMENT COMMITTEE, CHAIRMAN **SMITH** ADJOURNED THE MEETING AT **3:15 P.M.** UNTIL **MONDAY, FEBRUARY 6, 2017**, AT **10:00 A.M.**, IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS, 500 WOODWARD AVENUE, 30TH FLOOR, SUITE 3000, DETROIT, MICHIGAN 48226.

RESPECTFULLY SUBMITTED,

RYAN C. BIGELOW, CHIEF INVESTMENT OFFICER

MINUTES PREPARED BY: JANET S. LENEAR, RECORDING SECRETARY

MINUTES REVIEWED BY: RYAN C. BIGELOW, CHIEF INVESTMENT OFFICER